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BOOK REVIEWS

The Australian Wheat Industry: Its Economics and Politics. By TOM CONNORS. (Armidale: Gill Publications, 1972.) Pp. 157, \$5.50, ISBN 0 9599985 2 7.

Timeliness is an important characteristic of this book. The wheat industry is about to go through its regular five yearly ritual of negotiating a new stabilization scheme. *The Australian Wheat Industry* will provide participants in these negotiations, as well as disinterested observers, with plenty of food-for-thought. It is written in a straight-forward colloquial style by one of Australia's best known agricultural journalists. For instance, what other semi-academic treatise would contain such gems as: 'The great depression gripped the Australian wheat industry, . . . , firmly by the throat . . .' (page 7); '. . . and possibly didn't give two hoots about the danger of socialism' (page 25); 'There have long been gripes of Government interference . . .' (page 46); or '. . . the International Grains Arrangement quickly proved to be a real fizzer . . .' (page 63).

Connors begins by providing the younger reader with enough history to give some idea of the pressures which helped create the marketing schemes which have dominated the Australian wheat industry for the last 25 years. However, many of his more mature readers with some first hand knowledge of pre-1948 events, may not be as ready to accept the previously published views of Dunsdorf and Mitchell as Connors obviously has been. The historical background is followed by a word picture of each of the five subsequent stabilization schemes. This seriatim discussion frequently gets bogged down in prices, quantities, dates, and other details which could have been much better presented as graphs or at least tables. In fact, the most serious fault with the book is the failure of the author to use charts, graphs and diagrams to ease the reader's grasp of the detail.

With the discussion of the five stabilization schemes behind him, the reader is treated to an up-to-date 'inside' view of the wheat industry over the last four years. These last sixty-odd pages are the best part of the book. Connors discusses delivery quotas, the loss of the Chinese market and a host of other recent issues. (Since this book and review were written, a share of the Chinese market has been regained.) The final chapter summarizes some suggestions for improvement in the 1973 scheme. In this second half of the book many questions are raised which deserve the attention of policy-makers. How much longer can Australia continue to operate the f.a.q. system for grading wheat when Canada now grades wheat according to protein content? When is the Australian industry going to grasp the feed-wheat nettle? Why is it that Victorian growers can buy and sell wheat quotas for 1972/73 but no other State Government will allow this economically rational market to develop? Is political recognition of China really necessary to regain a share of the Chinese wheat market? Should Australian wheat-growers finance the sale of wheat to Egypt on three-year terms? Connors makes

some hard hitting comments on each of these issues together with many others.

The author of this book obviously has no sympathy with the Australian Country Party view that rural industries should formulate their own marketing policies. Perhaps the strongest comment on this issue is to be found on page 104, '... the situation seemed absurd, with an industry deciding how much it would be advanced in Government funds, at concessional rates of interest, on a commodity that could take a long time to sell'. Connors also makes frequent attacks on the former leader of the Country Party, Mr (now Sir John) McEwen. For example when discussing McEwen's return from the Kennedy Round 'with the fantasy of the year in his briefcase', Connors claims 'the whole exercise was a piece of ridiculous chest thumping by McEwen'. (page 65).

Although the book has many original contributions, Connors all too often uncritically presents the 'conventional' view. For instance when he is discussing the effects of the low home consumption price for wheat between 1948 and 1952. It is not correct to say wheat and bread prices were a *major* item in the cost of living index (page 18). Nor is there any evidence to support the statement that 'The low home price for wheat was a *big factor* in assisting the Government in the control of inflation, . . .' (page 22). (Italics added by reviewer). Another myth to which Connors apparently subscribes concerns the reluctance of graziers to lower their social status to become wheat-growers (page 76). Woolgrowers in marginal wheat-growing regions were remarkably quick to respond to the increased profitability of wheat once the new technology made cropping a feasible proposition. Graziers, like everyone else, have a 'hip-pocket-nerve' and the 19th century social distinction between graziers and farmers was irrelevant to decision-making in the 1960's.

The Australian Wheat Industry is obviously not intended as a textbook on economic policy but Connors could have enhanced the rigor of his arguments with the odd diagram (to explain the economic advantages of negotiable quotas for example) and better documentation. The complete lack of a Bibliography would appear to be a major omission. There are far too many footnote references to *Australian Financial Review* articles written by Connors himself. In other places he seems to be unaware of earlier published research.

On balance, however, Tom Connors has presented the Australian public with a readable, accurate, relatively unbiased and up-to-date review of wheat industry problems. It is to be hoped that the author has already begun another such industry study.

JOHN W. LONGWORTH

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The Economics of Agriculture. By DAVID METCALF. (Harmondsworth: Penguin, 1969.) Pp. 144, \$1.20.

This book is one of the Penguin Modern Economics Texts series, designed to reduce the price of knowledge for students of economics in universities and colleges of higher education. Metcalf states that his book is an introduction to agricultural economics for students who have previously taken an introductory course in economics.

There are seven chapters. Chapter 1 presents the theory of the

farm firm along conventional factor-product lines including farm size and uncertainty. Presentation is pedestrian and of Heady blue book vintage. Some empirical examples and a discussion of farmer decision theory would improve the content. Chapter 2 looks at aspects of the farm firm input mix. Land and managerial inputs are missing but there is detailed and well informed treatment of labour and, to a lesser extent capital, (epitomised by durable inputs and fertilizer). Chapter 3 is on technical change and innovation and revolves around the Griliches and Rogers earlier contributions. Chapter 4 has a sound discussion on the role of agriculture in economic growth. The influence of a more modern Heady (his 1966 Oslo lectures) now appears. Chapter 5 deals with the structure of agricultural markets with a structure, conduct, performance orientation. A good chance is missed to use price formation in agricultural markets to illustrate aspects of general price theory. Also, although noted, advantage is not taken of the great mass of empirical demand studies of agricultural products which could have been used to balance the presentation.

Chapter 6 discusses contract farming and marketing boards. Vertical integration, producers' co-operatives and boards are presented as methods by which farmers may increase their income. Chapter 7 on agricultural policy is a balanced view and appraisal of the objectives of agricultural support policies.

Judged on the author's objective (an introduction to agricultural economics for students already having a base course in economics), the book is a failure. This is because it does not present agricultural economics as a logical and coherent whole or indicate the importance of the relationships between the component parts. At this level students need an introductory overview and tying together of the material presented, and in each chapter a paragraph which relates the particular topic to the subject as a whole.

However, as it stands, it is essentially a series of boxes on particular topics, some of which (chaps 2, 4, 7) would provide essential additional reading for a balanced introductory course. As it stands it could be recommended for this purpose as the cost is reasonable.

OWEN MCCARTHY

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Agricultural Marketing and the E.E.C. By MICHAEL BUTTERWICK and EDMUND NEVILLE-ROLFE. (London: Hutchison, 1971.) Pp. 287, \$10.30, ISBN 0 09 108100 9.

This book emanates from a study, sponsored by the Home Grown Cereals Authority and the Meat Livestock Commission in Britain, aimed at documenting likely directions of change in the British marketing system consequent to adoption of the Common Agricultural Policy (C.A.P.) of the European Economic Community (E.E.C.) in 1973.

The subject is dealt with in four parts; an explanation and examination of the system of market intervention; eight chapters detailing the marketing arrangements for the principal agricultural commodities; the outlook and trends for marketing organizations and intervention schemes; and finally appendices dealing with agricultural marketing arrangements in Ireland, Norway and Denmark as well as statistics relating to marketing in the E.E.C.

In the opening chapter the authors make clear their philosophy that

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policies which distort the price system are likely to fall short of their stated objective of 'a fair standard of living for the agricultural population' as well as bringing about a misallocation of resources. Policies are required which will promote more efficient marketing, adjusting supply (in quality as well as quantity) to demand through efficient market intelligence and meeting the challenge of the growing concentration of demand in the hands of food processors and wholesalers.

There is a brief but comprehensive history of the evolution of agricultural marketing in the U.K. and Common Market countries. Although the co-operative movement had early roots in Britain, it is in Europe that producer co-operatives have grown to considerable strength. For some commodities they hold sizeable marketing power, such as grain in France and dairying in Germany. In Britain, vertical integration in marketing has made greater inroads than in Europe, and Britain leads in terms of efficiency in retailing of farm products.

Although the numerous regulations of C.A.P. apply uniformly (with small exceptions) throughout the Community, the administrative arrangements are the concern of individual governments. The administrative machinery has tended to be built into existing authorities and institutions. The detailed description in this section is enhanced by the authors' first hand acquaintance with the various national administrative structures.

The chapters dealing with the various commodities, cereals, dairy products, livestock and meat, eggs and poultry meat, sugar, horticulture, vegetable oils and other farm products (hops, potatoes, wool) contain comment on the structure of farming, geographical location of production, processing and consumption patterns, in addition to marketing set-ups in each of the member countries of the E.E.C., and the U.K. Each chapter concludes with a section on the implications for British marketing.

Speculating on the future in Part Three, the authors point out that while the market intervention system is firmly entrenched, the Commission is well aware of its deficiencies. In addition to structural reform at the farm level, market imbalances are being tackled through improvements at the marketing level by promoting producer groups and inter-professional marketing organizations. Throughout the E.E.C. the task is made difficult by the differing fundamental issues of religion and politics which influence and divide commercial loyalties.

It is most likely that in Britain, as has happened in the present Six, existing administrative machinery will be adapted to implement the C.A.P. How this can be achieved is examined. Even though British agriculture generally, is structurally superior to Europe, adopting the highly protectionist C.A.P. may not be an unqualified boon.

In moving behind a high wall of external protection, the British producer enters a very large and competitive internal market. The statutory marketing boards with their quasi-monopoly power have tended to shelter the British producer from the realities of the market. This may place them at a disadvantage in competing with European producers who, although traditionally protected by tariffs, have had to organize themselves without government intervention.

Throughout the book there is a liberal sprinkling of footnotes referencing published works for those readers wishing to pursue specific material

at greater depth. The Australian reader, seeking information on implications for Australian agriculture in the enlarged Community, will find the consequences for third party countries are not specified. This was not part of the aim of the book. However, it is possible in the wealth of detail, to pick out items of potential significance, such as the fairly strong moves afoot in France to bring sheep meat more into line with C.A.P. for other commodities by advocating target prices and levies. These moves are attracting the attention of farmer groups in certain localities in Britain. Also there are the, as yet, low-key rumblings to bring wool under the protective umbrella. At present wool is treated as a manufacturing commodity and outside the scope of the C.A.P.

This book will be a valuable text for teachers and students of agricultural marketing, and policy. It should also be a useful reference for all concerned in matters relating to trade in agricultural products with the U.K. or the present E.E.C., be they in Government, commercial firms or farmer organizations.

G. C. EDWARDS

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Agriculture. By HUGH D. CLOUT. (London: Macmillan, 1971.) Pp. 64, \$2.05, ISBN 333 12293 3, and

Fields of Conflict in European Farm Policy, Agricultural Trade Paper No. 3. By HERMANN PRIEBE, DENIS BERGMANN and JAN HORRING. (London: Trade Policy Research Centre, 1972.) Pp. 80, £1.00.

These two books consider aspects of agriculture and agricultural policy in Europe. In *Agriculture*, part of a series of 'Studies in Contemporary Europe', Clout surveys developments in both Eastern and Western Europe in the post-war period. There is an initial scene setting treatment of output trends, yields, agricultural employment, etc., which unfortunately suffers from relatively outdated statistics.

The next three sections deal successively with land reform and collectivization in Eastern Europe, income support, structural change and regional development in Western Europe, and then the Common Agricultural Policy (C.A.P.) of the Common Market. In these three sections, the discussion takes the reader on a brief yet informative journey through the years up to about 1970. This includes the trend in Eastern Europe towards greater use of market processes in managing the agricultural sector, and the Mansholt proposals for the E.E.C. Overall, a brief, lucid, general coverage of developments which is unfortunately, poorly backed by well selected up to date statistics.

Fields of Conflict in European Farm Policy is the third publication¹ in this series by the Trade Policy Research Centre. This centre was established in 1968 to promote independent research and discussion on international economic issues. This volume does that. Three views on the future developments of agricultural policy are presented by Priebe, Professor of Agricultural Economics, Frankfurt, Bergmann, Director of Economic and Sociology Research, National Institute of Agricultural Research, Paris, and Horring, Professor of Agricultural Economics, Wageningen and Amsterdam.

The authors are unanimous that changes in E.E.C. policy will occur, but many proposals are made. Priebe and Horring, in particular con-

sider aspects of pricing, structural reforms, regional policy, non-agricultural employment, and export subsidies to list a few examples. Both put forward some specific proposals for change. Bergmann however, concentrates more attention on the French situation including the effects of expanding production in other E.E.C. member countries and the modernization of French farms. In all respects, these are good discussion papers in an important area of policy. Further contributions in this series are planned and on the basis of this study, are bound to be useful and interesting.

ROY POWELL

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Agricultural Production in Communist China, 1949-1965. By KANG CHAO. (University of Wisconsin Press, 1971.) Pp. 357, \$US15.00.

This is an evaluation of the relative success or failure of fifteen years of agricultural change in Communist China, and in particular of the two main strategies applied at different periods—socialist transformation and technical change.

The study is divided into three main sections: Policy, Inputs and Output. About what happened and over what periods, there seems little dispute in the literature and the author's account here accords with most of what has been written. On why particular measures were adopted, there seems less certainty and the author's explanations or rationalizations could be questioned at certain points. There would be no disagreement that in the 'fifties, agriculture was starved of investible funds and that this was primarily because the development strategy chosen by the new government was modelled on the Soviet type, with its emphasis on maximum rate of economic growth through concentrating on heavy industry.

However, Mr. Chao sees the onset of rapid collectivization after 1955 as a response to the constraint of a slow-growing agriculture on the developing industrial sector. It is doubtful whether economic reasoning entered into the decision in the mid-fifties to accelerate collectivization. One school of thought, typified by the views of Dwight, Perkins and Klatt, maintains that economic criteria have been subordinated to political and ideological criteria, during most of the two Communist decades. The importance of this view lies in the question as to whether there ever was and still is an important segment of China's leadership which expected or still believes, that full socialization of agriculture would maintain or enhance output.

If such a group exists, a move to full socialization might be expected. But if the loss of incentives, which full socialization seems to entail, is admitted by all sections of Chinese Leadership, and the drive to full collectivism is acknowledged as ideological only, then such a move is less likely. Mr. Chao puts this question in the framework of questions about the nature of man. Is self-interest really a basic drive of human nature, he asks, and can ideological indoctrination offset the disincentive effects of socialized farming?

¹ The earlier publications were, *Burdens and Benefits of Farm Support Policies* by a number of English economists and *Japanese Agriculture at the Crossroads* by M. Tracey.

The other main area of change, technical transformation, is fully treated. In some ways the efforts in this area suggest a premature type of "Green Revolution" with insufficient scientific inputs to raise yields rapidly. The central input of the Green Revolution is the high yielding varieties, but it is essential to accompany their introduction with more irrigation, extension of double-cropping and artificial fertilizer. The Chinese attempted to expand irrigation by labour-intensive means without sufficient engineering and industrial inputs, and tried to extend double-cropping, mainly northwards, without the amount of scientific effort needed to supply the high yielding varieties. Chemical fertilizers became important only in the changed strategy of the 'sixties, when the revival of agriculture became the dominant development priority. The study gives numerous examples of the harmful effects of farm extension on a mass scale such as the broadcasting of detailed directions on farming methods from a central point.

The study is thoroughly documented up to 1965, and both the estimates of agricultural data and the manner in which they are assessed inspire confidence in Chao's judgement. In its detailed analysis of farming, this study is an essential complement to the numerous surveys of China's economy, which have appeared over the last decade.

R. K. WILSON

University of Melbourne.

Farming Systems in the Tropics. By HANS RUTHENBERG. (New York: Oxford University Press, 1971.) Pp. 313, \$17.10, ISBN 0 19 859426 7, and

Economic Systems of Northern Thailand. By EDWARD VAN ROY. (Ithaca, New York: Cornell University Press, 1971.) Pp. 289, \$US10.00, ISBN 0 8014 0607 2.

Farming Systems in the Tropics represents a major contribution (a) towards the classification and understanding of tropical agriculture and (b) towards the evaluation of farming systems by economic measures. For these reasons, among others, the book should find acceptance among a wide range of professional interests. A broad recommendation is justified, I feel, because it offers a valuable precedent for studies of this type, i.e., a concise discussion of a diverse topic made possible through excellent organization and the use of a standardized format for summarizing each system; in this case the use of uniform measures of economic performance through an extensive collection of farm management data.

In studies covering such a large, non-homogeneous area as the tropics, the classification procedure used will generally favour certain groups over others. It is refreshing to see a major study of farming systems organized on the basis of farm management characteristics rather than soil types, length of the dry period, socioeconomic classes, etc. Using this basis, more meaningful policy statements can be made concerning a particular farming system. The following characteristics are used in the classification of farming systems and sub-classes within a major system: type and intensity of rotation, type of water supply, cropping pattern and animal activities, implements used for cultivation and the degree of commercialization. Six major systems of cultivation farming are defined: shift-

ing cultivation, semi-permanent cultivation, systems with regulated ley (grass fallow) farming, permanent cultivation on rain-fed land, arable irrigation farming, and systems with perennial crops. The grazing system is confined to 'pure' systems where cropping is negligible. Other grassland use is covered as a component of the relevant cropping system. Within each system, the discussion is centred on what Ruthenberg considers to be the three dominant factors governing farming in the tropics—soil fertility, uncertainty, and labour productivity (seasonality problems are discussed under factors limiting labour productivity). For each system, a minimum of two farm management case studies are presented using the standardized format mentioned previously. In conclusion, the development paths of each system are presented along with a discussion of the manner in which the characteristics and organization of the system lends itself to technological improvements and development programmes. In cases where more than one type of organization is present (e.g., both small-holders and estates producing commercial crops), special attention is devoted to characteristics which favour one organizational form over the other in the introduction of more productive methods.

In addition to the seven chapters covering the farming systems, there is an introductory chapter by Ruthenberg followed by a chapter covering the characteristics of farming in a tropical environment by J. D. MacArthur. The concluding chapter of trends in the development of tropical farming is also by MacArthur.

Now, some specific comments on the contents. A major weakness, freely admitted by the author, is an orientation towards African farming at both the descriptive and farm management case study levels. However, inclusion of a large body of additional material on Asia and Latin America would have made the book too lengthy. In any case, the policy discussions seem well enough based to be extended to these other areas. By judiciously avoiding specific policy recommendations on the various development paths considered, Ruthenberg succeeds in laying out both the issues at hand and the measures either taken or recommended to improve farming performance.

Three other points merit brief comment. First, the inclusion of French and German source material adds considerably to the content. Second, the discussions on agricultural involution were most enlightening; the forms, causes, and effects of the problem serve as a needed complement to Geertz's¹ outstanding case study. A third point was the variable role played by livestock in tropical agriculture. The systematic relationships observed between the characteristics of the farming system and the economic functions of livestock in promoting the system highlights a group of particularly difficult development problems on the animal side of the picture.

This book would be valuable for most agriculturalists working in tropical regions or contemplating such work. For farm management specialists interested in less developed regions, the book is a must. Portions of it would also be suitable as an introduction to policy problems of tropical agriculture. Finally, I would judge it quite suitable as a textbook for an introductory course in tropical agriculture.

¹ Geertz, C. G., *Agricultural Involution: The Process of Ecological Change in Indonesia*. (Los Angeles: University of California Press, 1963).

By contrast, Van Roy's *Economic Systems of Northern Thailand*, is not such a useful study. It is not a general study of Northern Thailand; rather it focuses almost exclusively on a nine square mile area north of Chiangmai. This research site has been the subject of continuing work by the Bennington-Cornell Anthropology departments since the early 1960's. The complex mixture of people and institutions present in this research area make it of obvious interest to social scientists but also limits the applicability of results to the region as a whole.

The book is directed towards students of Southeast Asian economics and anthropology and those interested in comparative economic systems, economic development, and economic anthropology. Given the limitations cited below, this audience would probably be better served by more specialized work in their areas of interest.

'... the economist's conventional methodological orientation, which focuses on the individual's "rational" or "economizing" behaviour, is replaced by the approach commonly employed in the other social sciences and known in economics as institutionalism or substantivism.'

The introduction and first chapter expand on the author's hypothesis that ethnocentric biases of Western economists and the inseparability of economics from political and social institutions render traditional tools of economic analysis inappropriate in the area of study. Instead

Next, a general discussion of the history and geography of the area serves as an introduction to the research and the three units of study; two hill tribe economies, an upland Thai peasant economy, and a tea plantation economy. The next three chapters present detailed studies of each economic unit utilizing source material and field visits. Social, cultural, and political characteristics are discussed and the economic-institutional matrix outlined. Each chapter concludes with household income comparisons and "the economy in microcosm".

The fifth chapter examines the public sector and adds little to knowledge in this area with the exception of a short section on the Hill Tribe Welfare Centre as an extension of the Thai bureaucracy. The concluding chapter, "Economic Development on the Cultural Frontier", sums up the major economic, political, and technical constraints and outlines a development strategy for the uplands compatible with the institutions of the area.

Three major problems limit the contribution of this study. The most substantial is the use of "institutional economics" as an umbrella under which gather a bewildering variety of cultural, religious, political, technological, and economic characteristics of the study units. The inability to focus on a small set of crucial institutional structures makes difficult reading and leads to some arbitrary conclusions. Second, a basic misunderstanding of the profit motive as a predictive device in economic analysis leads to repetitious denunciations of its relevance for the study. Yet it is obviously present in his policy recommendations for the region. Finally, lengthy discourses on items of marginal relevance to the study (e.g., the evils of colonies and plantations, both of limited relevance for Thailand) break what continuity existed. These problems and the restricted nature of the study make the book of marginal value to the audiences addressed.

JOHN DE BOER

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Land Reform in Latin America: Issues and Cases. Edited by PETER DORNER, Land Economics Monograph Number 3. (Madison, Land Tenure Center, University of Wisconsin, 1971.) Pp. 276, \$US3.95.

This book is a collection of articles by several authors on aspects of land reform programs in Latin America. All the contributors are members of the Land Tenure Center, University of Wisconsin. The doctrine of institutionalism (as opposed to marginalism) as an approach to the study and implementation of land reforms is followed throughout the text. Whichever view the reader takes he will find that this book is a worthwhile contribution to the discussion of these issues.

The book is composed of five parts. In the first chapter of Part I, Peter Dorner discusses the problems involved in applying economic concepts born in developed countries to underdeveloped areas. In his words, ". . . there is little reason to believe that the concepts and hypotheses derived from our theories are entirely relevant to all of our country's currently recognized problems; they are even less relevant to problems facing the poor agricultural countries" (page 6). The second chapter by Don Kamel presents the case for land tenure reforms as a way to modernize traditional societies.

Part II discusses the economic framework for land reform. Employment, income distribution and productivity are considered to be the main variables. Issues that need to be considered in Latin America include skewed income distributions, unemployment and underemployment, farm size, rural migration and the creation of shanty towns. All these elements are used to build up a strong case for land reform.

Part III presents detailed analysis of agrarian reforms in Bolivia, Columbia and Chile including an assessment of the results of those programs. It is pleasing to this reviewer to note the comprehensive presentation of the political structure in each of the cases mentioned above.

Part IV deals with supplementary reform measures such as private efforts at reform and colonization as an alternative or supplement to agrarian reforms. Part V derives some general conclusions and discusses the policy implications.

The book is very readable and the sections logically presented resulting in a well integrated look at land reform. The subject is very broad making thorough coverage of all aspects difficult. This reviewer would have liked more discussion on the loss to the agricultural sector from the exodus of skilled management to the cities. This creates many short term problems that could be overcome in the longer term by training and education programs.

Further, some of the conclusions appear to be drawn too quickly, for example the argument that land reform would redistribute income and that the higher purchasing power would stimulate consumption and so invigorate the industrial sector (page 266). It is not too difficult to imagine underdeveloped countries with an undeveloped industrial sector where this increase in aggregate demand will produce (or increase existing) inflation in the short term unless development of the industrial sector is undertaken concurrently.

Nevertheless, the book contains a wealth of information and successfully puts together a collection of articles on land reform. As such, those

interested in development and in particular land reform will not be disappointed with this book.

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Basic Econometrics. By D. J. Aigner. (Englewood Cliffs: Prentice-Hall Inc., 1971.) Pp. 298, \$14.35.

Recent years have seen the appearance of several textbooks dealing with econometrics at an 'introductory' or 'applied' level. Dennis Aigner's *Basic Econometrics* must be judged as one of the best of these books.

His chapter headings are: 1 Introduction to Quantitative Analysis, 2 Classical Two Variable Regression, 3 Multiple Regression Analysis, 4 Relaxation of the Classical Assumptions, 5 Functional Forms Including Dummy Variables, 6 An Introduction to System Methods (in which he discusses multivariate regression and simultaneous equation models).

Chapters 2 to 5 contain a succinct outline of all the standard least-squares regression techniques that applied economists find useful. His concise but readable treatment is achieved first by using what he calls intuitive rather than rigorous arguments and secondly, by including only rather short discussions of many topics, for example, multicollinearity and specification bias. This first feature presents no difficulty since presumably the book will be used primarily in teaching courses of a non-rigorous type with prerequisites of only elementary calculus and statistical inference plus an exposure to matrix algebra. At any rate, his intuitive arguments are certainly not at all untidy. However, the second shortening technique will mean that instructors will probably need to introduce a deal of supplementary material and, while Aigner's discussions and references are up-to-date, the book does not point adequately to such material.

Only about 25 pages are devoted to simultaneous equation models. The book thus seems to be of limited usefulness in applied econometrics courses that emphasize techniques other than those associated with single equation models.

The high points of this book are the clarity of exposition, the full treatment of multiple correlation (à la Goldberger) and the emphasis on worked practical problems to illustrate principles and good practice in applied regression work. The low point is the inclusion of an unnecessary review of classical and modern (i.e. Bayesian) statistical inference. The space devoted to this review (which comes from another Aigner book) could have been devoted to amplification of earlier sections or (better still) been omitted to lead to a lower cost and therefore an even more recommendable book.

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